

OFFICIAL STATEMENT

\$251,850,000

THE CITY OF SEATTLE, WASHINGTON MUNICIPAL LIGHT AND POWER IMPROVEMENT AND REFUNDING REVENUE BONDS, 2003

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the appendices, is to set forth certain information concerning The City of Seattle (the “City”), its City Light Department (the “Department” or “City Light”), municipal light and power plant and system (the “Light System”), and Municipal Light and Power Improvement and Refunding Revenue Bonds, 2003 (the “Bonds”), in connection with the offering and sale of the Bonds. The Bonds are to be issued in accordance with Ordinance 121198 passed on June 23, 2003 (the “Bond Ordinance”), and Resolution 30618, adopted on July 29, 2003 (the “Bond Resolution”).

The Bond Ordinance is attached hereto as Appendix A. Appendix B contains the form of legal opinion of Foster Pepper & Shefelman PLLC (“Bond Counsel”). Appendix C contains the Department’s audited 2002 financial statements. Appendix D provides demographic and economic information about the City. Appendix E contains information on the Book-Entry Transfer System supplied by DTC and the City. Appendix F is a specimen municipal bond insurance policy. Capitalized terms that are not defined herein have the meanings set forth in the Bond Ordinance and Bond Resolution.

The Bonds are being issued on a parity of lien with the City’s senior lien Municipal Light and Power Revenue Bonds, which include 12 series of bonds issued since 1993 (the “Outstanding Parity Bonds”). As of May 31, 2003, the City had \$1,309,961,000 principal amount of Outstanding Parity Bonds, of which \$118,895,000 will be refunded by the Bonds. See “Plan of Finance—Refunding Plan.”

In the preparation of the projections in this Official Statement, the City has made certain assumptions with respect to conditions that may occur in the future. While the City believes these assumptions are reasonable for the purpose of the projections, they depend upon future events, and actual conditions may differ from those assumed. The City does not represent or guarantee that actual results will replicate the estimates in the various tables set forth in this Official Statement. The electric industry has undergone significant changes, as discussed in this Official Statement. Potential purchasers of the Bonds should not rely on the projections in this Official Statement as statements of fact. Such projections are subject to change, and will change, from time to time. The City has not committed itself to provide investors with updated forecasts or projections.

Neither the Department’s independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the projected financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

PLAN OF FINANCE

The Bonds

The Bonds are being issued to (i) finance certain capital improvements to and conservation programs for the Light System (the “Plan of Additions”), (ii) refund certain of the City’s Outstanding Parity Bonds, as described under “Plan of Refunding,” and (iii) pay the costs of issuance of the Bonds.

Refunding Plan

A portion of the proceeds from the sale of the Bonds will be used to refund a portion of the City's outstanding Municipal Light and Power Revenue and Refunding Bonds, 1993, described below (the "Refunded Bonds"). The Refunded Bonds will be called on November 1, 2003.

REFUNDED BONDS

			Interest	
	Maturity	Amount (\$)	Rate (%)	Call Price
Serials	11/01/2004	8,310,000	5.000	102
	05/01/2005	21,215,000	5.100	102
	11/01/2005	465,000	5.100	102
	05/01/2006	20,000,000	5.200	102
	05/01/2007	21,020,000	5.300	102
	05/01/2008	8,675,000	5.400	102
Term	11/01/2010	18,170,000	5.450	102
	11/01/2018	21,040,000	5.375	101
Total		118,895,000		

From the proceeds of the Bonds and other available money, the City will purchase direct, noncallable obligations of the United States (the "Acquired Obligations"). These Acquired Obligations will be deposited in the custody of U.S. Bank National Association or a duly appointed successor (the "Refunding Trustee"). The Acquired Obligations, interest earned thereon and any necessary beginning cash balance will be used to provide for the payment of the Refunded 1993 Bonds, pursuant to a refunding trust agreement to be executed by the City and the Refunding Trustee.

The mathematical accuracy of (i) the computations of the adequacy of the maturing principal amounts of and interest on the Acquired Obligations to be held by the Refunding Trustee to pay principal and interest and the redemption premium, if any, on the Refunded Bonds as described above, and (ii) the computations supporting the conclusion of Bond Counsel that the Bonds are not "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, as amended, will be verified by Grant Thornton LLP, independent certified public accountants.

Sources and Uses of Funds

The proceeds of the Bonds are expected to be applied as follows:

Sources of Funds

Par Amount of the Bonds	\$ 251,850,000
Net Original Issue Premium	14,546,156
Total Sources of Funds	<u>\$ 266,396,156</u>

Uses of Funds

Construction Fund Deposit	\$ 140,000,000
Escrow Deposit	123,967,452
Costs of Issuance* and Additional Proceeds	2,428,704
Total Uses of Funds	<u>\$ 266,396,156</u>

- * Includes legal fees, financial advisory fees, rating agency and printing costs, underwriter's discount, bond insurance premium, and certain miscellaneous expenses.